

Message Text

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PAGE 01 STATE 016426
ORIGIN NEA-10

INFO OCT-01 ISO-00 SS-15 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 AGRE-00 OES-07
/075 R

DRAFTED BY NEA/PAB:DBARCHARD:DE
APPROVED BY NEA/PABJACOON
E:MR. CANNER (DRAFT)
-----099703 211618Z /20
R 202113Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY DACCA

C O N F I D E N T I A L STATE 016426

E.O. 11652: GDS

TAGS: ECON, EAID, BG

SUBJECT: ADVISOR HUDA'S CALL ON UNDER SECRETARY COOPER

1. BANGLADESH'S ADVISOR FOR PLANNING NURUL HUDA, ACCOMPANIED BY AMBASSADOR SIDDIQI AND EMBASSY OFFICIALS, CALLED ON UNDER SECRETARY COOPER JANUARY 18. ARCHARD OF NEA/PAB SAT IN ON 60 MINUTE MEETING. BULK OF DISCUSSION WAS DEVOTED TO HUDA'S EXPLANATION OF ECONOMIC CONDITIONS IN BANGLADESH, AND HE MADE NO REQUESTS FOR ASSISTANCE.

2. FOOD POLICY: HUDA SAID THAT BDG IS PLEASED WITH PROGRESS OF THE PROCUREMENT DRIVE TO DATE, AND THAT RICE PRICES HAVE NOT TAKEN THEIR USUAL SEASONAL DIP. THE UPPER INCOME GROUP (ABOVE 1600 TAKA) WILL SOON BE EXCLUDED FROM THE RATION SYSTEM. BDG PLANS TO OPEN FAIR PRICE SHOPS WHICH WOULD SELL BASIC COMMODITIES AT ABOVE RATION PRICES BUT BELOW MARKET PRICES. THE NEW SHOPS ARE INTENDED TO
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TAKE CARE OF THOSE EXCLUDED FROM THE RATION SYSTEM. OTHER POLICY CHANGES WOULD INCLUDE AN INCREASE IN OPEN MARKET OPERATIONS AND WEIGHTING THE RATION MIX EVEN MORE HEAVILY IN FAVOR OF WHEAT. BDG MUST MOVE SLOWLY IN INCREASING THE RATION PRICE AS INCREASES TEND TO PULL UP MARKET PRICES. FOOD SUBSIDIES MUST BE ENDED, THOUGH, AS THEY ARE "BREAKING US".

3. DEVELOPMENT ADMINISTRATION: HUDA TOLD COOPER THAT BDG IS NOW COMPLETING A 1978-80 SHORT-TERM DEVELOPMENT PLAN. FUNDING DEMANDS FROM THE MINISTRIES ARE ABOUT DOUBLE WHAT THE GOVERNMENT CAN PROVIDE. PRIORITIES WILL CONTINUE TO BE AGRICULTURE, FAMILY PLANNING, "BASIC HUMAN NEEDS", RURAL INDUSTRIES AND EXPORT ORIENTED PRODUCTION. ACCORDING TO HUDA, FAMILY PLANNING TARGET IS TO REDUCE RATE OF POPULATION GROWTH TO 2.7 BY 1980. ECONOMIC GROWTH RATE TARGET WILL BE APPROXIMATELY 6 .

4. INDUSTRIAL SECTOR: HUDA SAID THAT BDG, FEELING THAT MIXED ECONOMY INTRODUCED BY FORMER PRESIDENT MUJIB WAS A FAILURE, WISHES TO GIVE LARGER ROLE TO PRIVATE SECTOR, ALTHOUGH PUBLIC SECTOR WILL STILL HAVE PRIMARY CLAIM TO CREDIT. BDG IS ANXIOUS TO INCREASE EXPORTS AND HAS DECIDED TO SET UP AN INDUSTRIAL FREE ZONE IN CHITTAGONG. TRADITIONAL PRODUCTS SUCH AS JUTE, LEATHER, FISH PRODUCTS, AND TEA WILL CONTINUE TO MAKE UP BULK OF EXPORTS, BUT GOVERNMENT IS LOOKING AT WAYS TO INCREASE VALUE ADDED BY PUTTING THESE TO NEW USES. FOUR MILLS ARE BEING SET UP TO MANUFACTURE JUTE CARPETS AND A PILOT PLANT FOR MANUFACTURE OF COTTONIZED AND WOOLENIZED JUTE IS UNDER DISCUSSION. MANUFACTURE OF SHOES, ELECTRICAL CABLES, ELECTRONIC COMPONENTS, AND TEXTILES FOR EXPORT ARE ALSO CONTEMPLATED. BANGLADESH WISHES TO BETTER UTILIZE ITS GAS RESOURCES AND WILL REQUIRE

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NEW INDUSTRIES TO BURN GAS RATHER THAN DEPEND ON ELECTRICITY. THE PROPOSED LNG EXPORT SCHEME WITH ISC OF HOUSTON HAS FALLEN THROUGH, BUT LNG NEGOTIATIONS ARE NOW GOING ON WITH A JAPANESE FIRM.

5. DEBT ISSUE IN UNCTAD: UNDER SECRETARY COOPER RAISED ISSUE OF DEBT IN INTERNATIONAL FORUMS. BDG HAS BEEN ONE OF A HANDFUL OF G-77 COUNTRIES MOST ACTIVE IN PUSHING DEBT FORGIVENESS ISSUE. USG CONSIDERS THIS TO BE A VERY SERIOUS MATTER AS WE THINK G-77 DEMANDS ARE NOT DEBT-RELATED BUT ISSUES OF RESOURCE TRANSFER. THE COUNTRIES WITH THE LARGEST EXTERNAL DEBTS, FOR EXAMPLE, MEXICO, BRAZIL AND TURKEY, ARE NOT ASKING FOR DEBT FORGIVENESS. GIVEN CURRENT ATTITUDES ON CAPITOL HILL TOWARD FOREIGN AID, THE PROSPECT OF CONVINCING CONGRESS TO ACCEPT DEBT FORGIVENESS TO LDCS IS FORBIDDING. WE THINK IT WOULD BE MUCH BETTER TO CONTINUE OUR AID PROGRAMS IN THE ESTABLISHED CHANNELS.

6. DEBT IS PRESENTLY THE ONLY ISSUE ON AGENDA FOR MARCH MINISTERIAL LEVEL UNCTAD MEETING. WE ARE CONCERNED THAT THIS COULD CAUSE MEETING TO BECOME UNNECESSARILY CONFRONTA-

TIONAL. WE ARE TOYING WITH IDEA OF TRYING TO STEER DISCUSSION OF DEBT TO GLOBAL DEBT ISSUES SUCH AS HEAVY

COMMERCIAL BORROWING. ALSO, IF IT APPEARS IN ADVANCE THAT MEETING MAY BE TOO CONFRONTATIONAL, WE ARE THINKING OF POSSIBLY ASKING THE UNCTAD DIRECTOR-GENERAL FOR A POSTPONEMENT. COOPER STRESSED THAT THESE ARE IDEAS NOT FORMAL PROPOSALS. WE WILL SORT OUT OUR POSITION AFTER VISIT OF COREA LATER THIS MONTH. FYI: EMBASSY SHOULD NOT REPEAT NOT, TAKE ANY ACTION TO REINFORCE THIS IDEA WITH BANGLADESHI OFFICIALS AT THIS TIME. IF ASKED BY GOB, YOU MAY RESPOND IN LOW-KEY MANNER THAT THIS IS ONE POSSIBILITY; WE WILL SORT OUT OUR POSITION LATER IN MONTH.

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7. HUDA REPLIED THAT HE HAD NOT BEEN DIRECTLY INVOLVED IN ISSUE FOR SOME TIME, BUT THAT HE HAD ATTENDED THE NAIROBI UNCTAD MEETING WHERE ISSUE HAD BEEN RAISED. HE FELT BANGLADESH APPROACH IN THE MARCH MEETING SHOULD BE MODERATE AS IT CANNOT AFFORD CONFRONTATION AND AS THE MSAS ARE NOT THE HEAVIEST BORROWERS.

8. LANDSAT: HUDA NOTED THAT BANGLADESH HAS AN "URGENT NEED" FOR A "SPACE RESEARCH" CENTER AND IS CONCERNED THAT THE RECENT LANDSAT AGREEMENT WHICH THE US SIGNED WITH INDIA COULD ADVERSELY AFFECT AN AGREEMENT WITH BANGLADESH. ARCHARD NOTED THAT HE WOULD BE PARTICIPATING IN A MEETING WITH NASA OFFICIALS AND BDG TEAM HEADED BY PLANNING COMMISSION MEMBER AL-HUSSAINI ON JANUARY 19 TO DISCUSS A POSSIBLE LANDSAT AGREEMENT. HE SUGGESTED THAT THIS MIGHT BE A BETTER FORUM TO DISCUSS THE ISSUE. CHRISTOPHER

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ORIGIN EB-08

INFO OCT-02 ISO-00 /009 R

DRAFTED BY EB/IFD/OMA:JABWINDER
APPROVED BY:EB/IFD/OMA:JABWINDER

-----129849 251526Z /43

R 250533Z JAN 78
FM SECSTATE WASHDC
TO USMISSION GENEVA

C O N F I D E N T I A L STATE 016426

FOR MEISSNER

FOLLOWING REPEAT STATE 016426 SENT ACTION DACCA JAN 20.
QUOTE C O N F I D E N T I A L STATE 016426

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, ECONOMIC CONDITIONS, MINISTERIAL MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE016426
Document Source: CORE
Document Unique ID: 00
Drafter: DBARCHARD:DE
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780033-0023
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Litigation History:
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Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3737309
Secure: OPEN
Status: NATIVE
Subject: ADVISOR HUDAI'S CALL ON UNDER SECRETARY COOPER
TAGS: ECON, EAID, BG, (HUDA, NURUL), (COOPER, RICHARD)
To: DACC
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4f10c7e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
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20 Mar 2014
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